



Governor's Film and Television Commission

March 25, 2009 – 3:00 PM

State Capitol Executive Tower –Governors Conference Room

OVERVIEW

ATTENDEES: Lawrence Moore, Chairman; Michael Dixon; Luci Fontanilla-Perez; Richard Foreman; Charles Hyder; Fred Johnston; Shelli Hall-Lipinczyk; Don Livesay; Pete Manglesdorf; F. Miguel Valenti

BY PHONE: Barry Kluger, Chairman; Kay Daggett; Toni Hellon; Lynda Miller; Malachy Wienges

EX OFFICIO: Kent Ennis, ADOC Director; Sherry Henry, AOT Director; Mark Stanton; AOT Deputy Director

ADOC STAFF: Harry Tate; Ken Chapa; Mike Smith

Call to Order – Chairmen Moore

Approval of minutes – Chairman Moore

- Present a quorum, the February 26, 2008 and September 24, 2008 meeting minutes were approved.

Commission Announcements – Chairman Moore

- Introduction of the interim ADOC Director, Kent Ennis.
 - Introduction of the Arizona Office of Tourism Director, Sherry Henry.
 - Introduction of the Arizona Office of Tourism Deputy Director, Mark Stanton.
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ADOC Film Office Update – Ken Chapa, Program & Marketing Manager

Mr. Chapa related that the state film office has basically gone through a “trial and error” period over the previous two years with regard to web advertising and that 35% of the film office web views come from marketing with on-line trade publications such as the *Directors Guild of America (DGA) Quarterly*, *Production Update*; *Produced By*; and *The Hollywood Reporter* from which the majority of web views come. With the exception of July 2007, web views for FY09 (July through February) have surpassed the previous two fiscal years for the same time period.

Mr. Chapa also mentioned a couple of the larger productions currently filming in Arizona. Those being the Lifetime TV mini-series, “*Maneater*” being filmed in Phoenix and the 3D remake of *Piranha* being filmed at Lake Havasu; a \$50 million production. He also commented that more and more productions are filming in 3D in an effort to mitigate the ever increasing problem of piracy.

Chairman Moore suggested that we possibly figure out a way to show on the web views chart where our priorities are or should be focused on other than relying on the gross number of web hits. Commissioner Livesay also asked if there is a way to know what web views actually turn into productions.

Mr. Chapa related that the film office can only track those projects known to the film office and track other inquiries that come to the film office via e-mail and telephone. Other than that, there really is no way of knowing who or to what extent the end result of a web view is. The primary reason for web advertising is to direct users to the film office website.

It was additionally noted by Commissioner Hall, that the possible spike in web views in November may come from production companies looking at the tax incentive program in anticipation of applying for the program for the following year. It was agreed that would be a very real possibility for the increase in web hits not only in November but December as well.

ADOC Film Office Update – Harry Tate, Director

Mr. Tate thanked everyone for their attendance at this, the first meeting of the Commission this year and noted there are and will be more challenges for the film office in light of the State budget crisis.

Mr. Tate spoke of film industry matters as relates to 3D technology. Most of the larger studios have indicated that most all of their animation productions will be produced using 3D technology. This is being done not only from a marketing standpoint, but a security one as well; especially since piracy is now annually a \$3 Billion industry problem worldwide. As relates to marketing, it will enhance the movie going experience and get people back into theatres even though box office revenues are up indicating film making is apparently a “recession proof” industry.

Mr. Tate indicated that as a result of the state budget crisis, he will be reaching out to the commissioners this year with respect to their “ambassadorships” in the industry in an effort to promote and facilitate filming in Arizona and speak to the role of the state film office. He related that as a result of the recession, state sales tax reserves are down 20%; state income tax reserves are down 10%; and what that equates to is that there are some serious concerns with regard to the next fiscal year budget and how tightly monitored budgets will be going forward. This will undoubtedly affect the film office outreach effort which is why he will be reaching out to the commissioners for their networking connections and utilizing their contacts for any assistance they may be able to provide. Mr. Tate mentioned that the current budget crisis has affected the film office in that all travel has been suspended indefinitely and that subsequently the film office was not able to be represented at the annual Association of Film Commissioners International (AFCI) Locations Trade Show this year. He did however praise other film

offices located throughout the state for their willingness to attend and represent Arizona at the trade show this year in addition to other industry related events.

Mr. Tate conveyed some of the challenges Arizona now faces with regards to the tax incentive program. The Governor's of Utah and Alabama have signed new legislation introducing new tax incentives and California has introduced new legislation as well which brings to a total, 43 states (and 33 nations) that now have film tax incentive programs which makes marketing and promoting Arizona's tax incentive program more difficult; however Arizona remains a viable interest for filmmakers to come here. Because of its aggressive program, Arizona remains one of the leading states with regard to film tax incentives and its attractiveness is in "competition" with other states. Tax incentives are now the primary factor in determining where a studio or production company wants to film whereas it used to be concept and location driven.

Mr. Tate summarized by saying the film industry is the number one export of the United States. It's a strong industry, and an industry of longevity. How it remains this way has great economic benefit to both private and governmental entities outside the industry.

Commissioner Daggett asked if the film office has anything that shows the market share of produced films specific to Arizona. Mr. Tate indicated that the film office does not have a system in place to track statistical data like that; however he does have a generalized knowledge of what is transpiring from what other states are posting, for example there are 28 films ongoing in New Mexico; 72 films in Michigan, etc., and 5 films in Arizona with another in the works. He also indicated that the state film office has a listing on its website of films that have been produced in the past in Arizona, and that he would look into the possibility of gathering statistical data in a "non-scientific" way to track and compare productions with other states.

Commissioner Daggett also asked how Arizona's tax incentive program "stacks up" to New Mexico's (who seems to have the market share) although Arizona seems to have most of the "kinks" worked out of its program now? Mr. Tate indicated that the only correlation he can make would be generic in nature, not based on any study, based only what New Mexico posts, information from AFCI and the MPAA. He also indicated that as far as tax incentives go, the industry used to talk about the "top dozen" and that Arizona is likely at the edge of that dozen now whereas before we were probably a little deeper into it. This is as a result of so many more states now offering incentives (43 states) and that each state has its own success stories. As relates to New Mexico, Mr. Tate noted that most of their projects are studio driven and thus easier to track. Alternately, most of the films in Arizona are independent in nature and not studio driven.

Commissioner Johnston suggested coming up with some sort of "methodology" to address the film industry infrastructure issue in Arizona.

Chairman Moore indicated that part of the Commissions strategic plan includes looking at how we reach out and assess infrastructure issues and how do we serve as a catalyst to get people to begin planning around those. All that remains now is to appoint

a Commission representative to lead that effort. Commissioner Johnston indicated he would be available to chair such a committee.

Commissioner Livesay noted that it is next to impossible to make comparisons from state to state when each state has its own way of gathering and measuring its data. Chairman Moore indicated that perhaps Arizona should then only use comparisons of ourselves and where we want to go, rather than attempt to make comparisons of other states.

Workforce Workgroup Review – Commissioner F. Miguel Valenti

Commissioner Valenti presented an overview of the Workforce Workgroup's efforts to date. He indicated that regardless of where the Commission or the film office is in the future with respect to the current budget; that the ongoing efforts of the Workforce Workgroup Committee can and should continue. He noted it is vital to the film industry in Arizona that a viable film industry workforce be in-place. This committee has been working diligently and making strides to ensure that happens. For instance, the Career Technical Education (CTE) department at the Arizona Department of Education will be conducting 20 hour courses at their annual CTE conference in Tucson this July. The courses will consist of: Stage Construction; Grip & Electric; and Production Assistants. Additionally, the Maricopa Skill Center has training set up this June to train makeup and hair professionals (and special effects makeup) and is expected to train between 80 and 150 students. Moreover, a set construction program is being planned at Collins College for this September or October. There is also an open training session scheduled on the Navajo Nation this summer. In an effort to expand training statewide and not have it confined to only Phoenix and Tucson, the committee has had discussions about using the "One-Stop" system around the state for training. In order for a school to receive One-Stop funding, it has to be an approved school and ironically, each of the schools represented by committee members are approved schools. The One-Stop system has a year-round curriculum review process and once the committee has a curriculum ready and to submit for review, we can then utilize the One-Stop system as an additional training resource. Commissioner Valenti praised the efforts of the IATSE educational members of the committee for the curriculums they have created thus far. The training that will be conducted will produce certified entry level industry workers.

With respect to marketing the training programs, a website is under construction by IATSE and will be maintained by a student intern at either ASU, the Phoenix Film Office or IATSE. Some minor issues have arisen with respect to insurance requirements at the schools; however they are in the process of being worked out. The committee is making every effort to outreach to other entities in an effort to mitigate the financial aspect of this effort especially since this is an "all volunteer" committee with no funding source.

Chairman Moore praised this committee for their efforts, passion, and commitment to increasing and enhancing the film industry workforce in Arizona.

Planning Discussion – This was to have been discussed by Chairman Kluger; however he had to leave the conference call early and this will be tabled and addressed at a later date.

Call To The Public – Mr. Duncan Harvey from Collins College addressed the Commission. Mr. Harvey is also a member of the Workforce Workgroup Committee. He indicated that an additional Grip & Electric workshop will be held at Collins College probably in July this year. Mr. Harvey indicated that Collins College currently offers associates and bachelors degrees in various film related programs. He also relayed that most of the productions in Arizona are looking for a “below-the-line” crew base and that through the efforts of the Commission and the Workforce Workgroup, that crew base should soon be increasing.

Meeting Adjourned – Chairman Moore